EXHIBIT 3

Equity Research

WestLB

19 January 2007

GPC Biotech

ADD

Current price	€22.7
Target price	€26.0

Pan European Equity
Germany
Life Sciences
Biotechnology

MODEL REVISION AND INCREASE IN PRICE TARGET

Satraplatin, a blockbuster candidate in HRPC alone

After reworking our HRPC (hormone-resistant prostate cancer) model, we now forecast peak sales for satraplatin in second-line HRPC of $877m and peak sales in first-line HRPC of $450m (in our model for the first time). We derive a new fair value of €26/share focusing only on satraplatin in HRPC. In 2007, we expect the Phase I/II trial of satraplatin in NSCLC to report, which could widen the drug's usage potential. We reiterate our Add rating and set a new price target of €26/share.

Year end Dec	Sales (€m)	EBIT (€m)	Net income (€m)	EPS (€)	Year end cash and equivalents (€m)
2005A	9.3	-68.0	-62.2	-2.08	93.6
2006E	23.3	-62.2	-60.4	-1.85	93.7
2007E	32.5	-68.9	-67.8	-2.04	18.5
2008E	106.7	-40.3	-39.7	-1.19	-4.1

Source GPC Biotech, WestLB Research estimates

- **Satraplatin – a blockbuster candidate in HRPC alone.** We have reworked our HRPC model and now estimate $877m in peak sales for satraplatin in second-line HRPC and also include for the first time sales in first-line HRPC, when the health status of patients does not allow treatment with Taxotere. We estimate that with additional peak sales of c. $450m, satraplatin will reach blockbuster status in HRPC alone.
- **Significant newsflow in 2007.** Apart from the completion of the satraplatin NDA filing in the US, with potential FDA approval in 2007, we believe a couple of smaller trials will report on satraplatin during 2007. In particular, we expect data from the Phase I/II trial of satraplatin in combination with radiotherapy in NSCLC (non-small cell lung cancer), which could be an important new opportunity for satraplatin.
- **Financials.** Based on our new estimates, we forecast that GPC Biotech will become profitable from 2009 onwards vs 2011 before. We believe that the company's cash resources, which we estimate were around €94m at the end of FY 2006, will last until 2008. Note that we have not factored milestone payments from a potential out-licensing deal in Japan into our model.
- **Valuation.** We conducted an NPV calculation for satraplatin, factoring in only its usage in HRPC, and arrived at €23.1/share. Adding this to 50% of our €94m estimate for the company's year-end 2006 cash position (equating to €1.4/share) and our probability-adjusted estimates for the potential milestone payments from Pharmion (which equate to €1.5/share), we arrive at a fair value of €26/share.

Key data

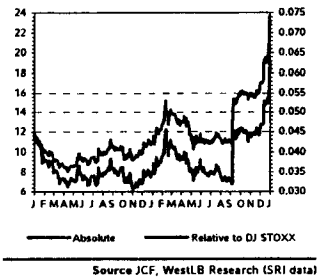
in %	1m	3m	12m
Absolute	40.6	43.9	105.8
Relative	38.5	35.2	74.5

12 month price range	€23.62 - €10.25
NAV/share YE	€2.2
No. shares in issue	32.7m
Free float	77.0%
Market cap	€743m
Next event	Full year results (15 Mar)
Reuters code	GPCG.DE
Bloomberg code	GPC GR
DJSTOXX	371.73

Unless otherwise stated, share prices are as of market close on 17 January 2007

SRI rating		N/A
Environment	n/a Stakeholder	n/a
Governance	n/a Controversy	n/a

Absolute & relative performance



Source JCF, WestLB Research (SRI data)

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Valuation

We have valued GPC Biotech using an NPV model, factoring in the NPV for satraplatin in HRPC. In contrast to our earlier NPV calculation, we have now also factored the usage of satraplatin in first-line HRPC into our model. Based on our underlying assumptions, we arrive at an NPV for satraplatin in HRPC of €23.1 (North America €17.3, Europe €5.1, Japan €0.7). Note that we have not yet included a value for any other cancer indication in our model. With 50% of our estimated 2006 year end cash of €94m, which equates to €1.4/share, and the potential milestone payments from Pharmion of €1.5/share, we arrive at a fair value of €26 / GPC Biotech share.

NPV satraplatin sensitivity analysis

€m		NPV satraplatin			
		North America	Europe	Japan	Sum
	7.2%	19.6	5.8	0.9	26.3
	8.2%	18.4	5.4	0.8	24.6
WACC	9.2%	17.3	5.1	0.7	23.1
	10.2%	16.3	4.8	0.7	21.8
	11.2%	15.3	4.5	0.6	20.4

Source WestLB Research estimates

NPV calculation – satraplatin in HRPC

Commercialisation and manufacturing

In December 2005, GPC Biotech signed an out-licensing deal with Pharmion. Pharmion will make upfront payments, R&D refunding payments and potential milestone payments of up to $270m for commercialisation rights for Europe, Turkey, the Middle East, Australia and New Zealand. Furthermore, GPC Biotech will get royalties between 26% and 30% for annual drug sales of up to $500m and 34% on annual sales over $500m. For modelling purposes, we assumed a 28% royalty rate to be paid to GPC Biotech. For North America, we believe that GPC Biotech will try to build up a sales and marketing organisation and market satraplatin on its own. The company has already hired some senior executives for this purpose. There might still be discussion about using a contract sales force. However, it is our belief that the company wants to stay in the leading position in North America. We have therefore not modelled any out-licensing or co-marketing agreement for the US. For Japan, we believe a deal is imminent. We have not factored any upfront or milestone payments into our model yet, but estimate that GPC Biotech will receive a 28% royalty on net sales in Japan.

Launch probability

In September 2005, GPC Biotech reported data on progression-free survival (PFS) for the registrational SPARC (Satraplatin and Prednisone Against Refractory Cancer) trial. The data showed that patients on satraplatin + prednisone had a 40% reduction in the risk of disease progression compared to prednisone + placebo with the difference in PFS being highly statistically significant ($p<0.00001$). Given these data and with no treatment option available for second-line HRPC, we estimate a 90% launch probability in our model for the US, Europe and Japan. Although a small bridging trial in Japan is still required, looking at the data presented, we are optimistic.

Royalty obligations to third parties

GPC Biotech in-licensed satraplatin in October 2002 from Neo Therapeutics, now renamed Spectrum Pharmaceuticals, for $2m up front, to be followed by $1m in cash and an equity investment of $1m at the start of phase III trials. As part of the deal, GPC Biotech will also have to make milestone payments of $18m, starting with the acceptance of the NDA filing with the FDA. Furthermore, GPC Biotech has to pay royalties on product sales. We have factored a 12% royalty obligation rate into our model.

Pricing

In order to arrive at a pricing assumption, we focused on Taxotere, the only chemotherapeutic agent approved for first-line HRPC for which a statistically significant survival benefit has been shown. Based on our model, we calculated annual ex-factory prices for Taxotere of around $18,000/patient/year in the US. Due to satraplatin's more convenient oral administration route and the fact that it is the only agent which showed an effect on survival in second-line HRPC, we modelled a 20% premium over Taxotere's annual treatment costs, which equates to estimated annual treatment costs/patient of $21,450. For Europe, we estimated a 10% discount vs the US (around $19,000). For Japan, we took a more conservative stance and modelled a discount of around 20% vs Europe and only used around $15,000 ex-factory costs/patient/year.

Patent situation

In the USA the composition of matter patent will expire at the end of 2008 and the medical use patent at the end of 2010. According to the company, it qualifies for a five-year term extension of one of these patents under Watchman-Hax. This will most likely be the medical use patent in our view, as platinum analogues are used only in cancer indications. We have therefore projected first generics in the USA from 2015 onwards. In Europe, the relevant patents expire in 2009. However, as data exclusivity will last until 10 years after market introduction and we project launch of satraplatin in 2008, this places the first year of generic threat at 2018E. We have therefore factored first-time generics into our model from 2018E onwards in Europe. As we are unsure about the situation in Japan, we have projected the first generics coming to the market in Japan in 2015, the same year as in the USA.

NPV of satraplatin in North America

€17.3/share in North America

We estimated that the first sales of satraplatin will be booked in 2007, with an operating margin at peak of 50% for satraplatin in North America. We started to book first taxes from 2011 onwards (see 'Financials' section), with the full corporate tax rate – we assumed 39% – applicable from 2015 onwards. Using a WACC of 9.2% and prevailing currency exchange rates, we arrive at an NPV for satraplatin in North America of €17.3/share.

NPV of satraplatin in North America

$m		2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	TV of future cash flows
Net sales		20.4	108.8	263.0	440.0	605.7	689.4	668.7	612.4	544.0	
Probability-adjusted (90%)		18.4	97.9	236.7	396.0	545.1	620.5	601.8	551.2	489.6	
Operating profit		-1.8	9.8	47.3	138.6	299.8	372.3	391.2	358.2	318.3	
Operating profit margin in %		-10.0	10.0	20.0	35.0	55.0	60.0	65.0	65.0	65.0	
GPC Biotech share (100%)		-1.8	9.8	47.3	138.6	299.8	372.3	391.2	358.2	318.3	
Royalties payable to Spectrum Ph. (12%)		-2.2	-11.8	-28.4	-47.5	-65.4	-74.5	-72.2	-66.1	-58.8	
Operating profit GPC Biotech		-4.0	-2.0	18.9	91.1	234.4	297.8	319.0	292.1	259.5	
Tax rate (%)		*0*	*0*	*0*	*15*	*15*	*15*	*15*	*15*	*39*	
Taxes		0.0	0.0	0.0	-13.7	-35.2	-44.7	-47.8	-43.8	-101.2	
Net profit		-4.0	-2.0	18.9	77.4	199.2	253.1	271.1	248.3	158.3	
Discount factor	9.2%	0.92	0.84	0.77	0.70	0.64	0.59	0.54	0.49	0.45	
NPV	730.5	-3.7	-1.6	14.5	54.4	128.3	149.2	146.4	122.7	71.6	48.6
Currency exchange rate	1.27										
NPV (€m)	574.4										
No of shares (m)	33.2										
NPV/share (m)	17.3										

Source WestLB Research estimates

NPV of satraplatin in Europe

€5.1/share in Europe

We have estimated that the first sales will be booked in 2008 in Europe, with GPC Biotech receiving on average a 28% royalty rate. Using a WACC of 9.2% and prevailing currency exchange rates, we arrive at an NPV for satraplatin in Europe of €5.1/share.

NPV of satraplatin in Europe

$m		2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	TV of future cash flows
Net sales		0.0	16.2	84.3	237.8	396.1	504.3	525.2	508.2	458.6	
Probability-adjusted (90%)		0.0	14.6	75.9	214.0	356.5	453.9	472.7	457.4	412.8	
Royalties payable to GPC Biotech	28%	0.0	4.1	21.2	59.9	99.8	127.1	132.4	128.1	115.6	
Royalties payable to Spectrum Ph.	12%	0.0	-1.8	-9.1	-25.7	-42.8	-54.5	-56.7	-54.9	-49.5	
Operating profit GPC Biotech		0.0	2.3	12.1	34.2	57.0	72.6	75.6	73.2	66.0	
Tax rate (%)		*0*	*0*	*0*	*15*	*15*	*15*	*15*	*15*	*39*	
Taxes		0.0	0.0	0.0	-5.1	-8.6	-10.9	-11.3	-11.0	-25.8	
Net profit		0.0	2.3	12.1	29.1	48.5	61.7	64.3	62.2	40.3	
Discount factor	9.2%	0.92	0.84	0.77	0.70	0.64	0.59	0.54	0.49	0.45	
NPV	215.7	0.0	2.0	9.3	20.5	31.2	36.4	34.7	30.7	18.2	32.7
Currency exchange rate	1.27										
NPV (€m)	169.6										
No of shares (m)	33.2										
NPV/share (€)	5.1										

Source WestLB Research estimates

NPV of satraplatin in Japan

€0.7/share in Japan

For calculating the NPV of satraplatin in Japan we have used the same conditions as for satraplatin in Europe regarding the royalty rate. Note that we have not included any upfront or milestone payments from a potential partnering deal in our model. Using a WACC of 9.2% and prevailing currency exchange rates, we arrive at an NPV for satraplatin in Japan of €0.7/share.

NPV of satraplatin in Japan

$m		2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	TV of future cash flows
Net sales		0.0	0.0	3.0	18.2	44.5	69.6	83.0	89.1	87.2	
Probability-adjusted (90%)		0.0	0.0	2.7	16.4	40.1	62.6	74.7	80.2	78.5	
Royalties payable to GPC Biotech	28%	0.0	0.0	0.8	4.6	11.2	17.5	20.9	22.5	22.0	
Royalties payable to Spectrum Ph.	12%	0.0	0.0	-0.3	-2.0	-4.8	-7.5	-9.0	-9.6	-9.4	
Operating profit GPC Biotech		0.0	0.0	0.4	2.6	6.4	10.0	12.0	12.8	12.6	
Tax rate (%)		*0*	*0*	*0*	*15*	*15*	*15*	*15*	*15*	*39*	
Taxes		0.0	0.0	0.0	-0.4	-1.0	-1.5	-1.8	-1.9	-4.9	
Net profit		0.0	0.0	0.4	2.2	5.5	8.5	10.2	10.9	7.7	
Discount factor	9.2%	0.92	0.84	0.77	0.70	0.64	0.59	0.54	0.49	0.45	
NPV	31.3	0.0	0.0	0.3	1.6	3.5	5.0	5.5	5.4	3.5	
Currency exchange rate	1.27										
NPV (€m)	24.6										
No of shares (m)	33.2										
NPV/share (€)	0.7										

Source WestLB Research estimates

NPV of Pharmion deal

€1.4/share for potential milestone payments

As part of the out-licensing deal with Pharmion, GPC Biotech was eligible for payments of up to $270m in total, of which the company received $37.1m upfront. $22.2m was for the further development of satraplatin (not yet received); $30.5m is related to the submission of filing to the EMEA and first approval; $75m is related to the approval of satraplatin by the EMEA in other indications; and, finally, $105m is related to satraplatin reaching certain sales thresholds. We have focused only on the approval process for satraplatin in HRPC ($30.5m) and the potential milestone payments when satraplatin reaches certain sales thresholds ($105m), and arrive at an NPV for these payments of €1.5/share. We used a 90% likelihood for receiving the $30.5m and a 30% likelihood for reaching certain sales thresholds. We did not discount the potential payments to be made to GPC, as we do not know the exact conditions, but we believe that the discount factor is adequately reflected in the percentage used for the approval likelihood.

NPV of upfront and milestone payments from Pharmion

Event	Payments	Likelihood	Adjusted payments
Submission of filing dossier + first approval	30.5	90%	27.5
Satraplatin reaching certain sales thresholds	105	35%	36.8
Sum			64.2
Currency exchange rate			
1.27174			
Sum (€m)			50.5
No of shares (m)			33.2
NPV/share			1.5

Source WestLB Research estimates

Potential NPV of satraplatin in take-over scenario

In a take-over scenario shares could be worth around €31

We have also calculated a potential NPV for satraplatin in a take-over scenario and assumed that a potential acquirer would already have a franchise in oncology. We have still assumed that satraplatin will be out-licensed in Japan and that the out-licensing agreement with Pharmion will remain in place. For North America, however, we have adjusted our operating profit margin used in the NPV model from 60% on a stand-alone basis to 70%. Overall, this would result in an NPV for satraplatin in North America of €22.2/share vs €17.3/share. Therefore, in a take-over scenario, shares could be worth around €31. However, we are not using this scenario as a basis for our valuation.

Satraplatin, a potential blockbuster

We estimate a strong CAGR 06-11E of 19% for the annualised number of second-line HRPC patients on therapy, or c. 76,600 patients annualised in North America, Europe and Japan in 2011. We calculate a $1.7bn market value for second-line HRPC by 2011. A 45% share at peak for satraplatin would result in c. $877m sales in this indication alone. We have now also estimated satraplatin sales in first-line HRPC patients, on the assumption that satraplatin will be used in elderly patients, whose health status rules out Taxotere. As this represents an additional $450m opportunity according to our model, we believe that satraplatin could reach blockbuster status in HRPC.

HRPC market model

North America

North America: we forecast 39,100 patients on second-line HRPC therapy in 2011

Based on our HRPC model, we estimate that in 2006 around 304,000 new patients were diagnosed with prostate cancer in the US, a number we expect to grow at a CAGR of 4% to around 373,000 by 2011. We estimate that the number of HRPC patients eligible for chemotherapy was around 66,600 in 2006, and that it will grow to around 87,400 by 2011 (CAGR 06-11E of 6%). For second-line HRPC, we forecast a stronger uptake in eligible patients – on an annualised basis – from 16,700 in 2006 to around 39,100 in 2011, which equates to a CAGR 06-11E of 19%, driven by an increase in the time patients stay on therapy.

Europe

Europe: we forecast 30,300 patients on second-line HRPC therapy in 2011

For Europe we forecast that the total number of newly diagnosed HRPC patients will increase from an estimated 220,000 in 2006 to around 272,000 in 2011 (CAGR 06-11E of 4%). As with North America, we expect the total number of HRPC patients eligible for chemotherapy only to grow at a CAGR 06-11E of 5%, whereas we forecast the number of HRPC patients receiving second-line therapy to grow from 12,800 to 30,300 by 2011 on an annualised basis (CAGR 06-11E of 19%), also driven by an increase in the time patients stay on therapy.

Japan

Japan: we forecast 7,100 patients on second-line HRPC therapy in 2011

Although in comparison to Europe and North America, Japan does not represent a big market opportunity, it is still the most important market on a commercial basis outside North America and Europe, in our view. Furthermore, GPC Biotech is also seeking a separate out-licensing deal for Japan. Although we forecast that the number of annualised HRPC patients on second-line therapy will grow at a CAGR 06-11E of 20%, this only equates to an increase in patients from 2,800 to around 7,100.

Prostate cancer market model

Year	2006E	2007E	2008E	2009E	2010E	2011E	CAGR 06-11E (%)
North America							
Total newly diagnosed prostate cancer patients	303,971	316,417	329,275	342,949	357,851	372,970	
growth yoy (%)	*4*	*4*	*4*	*4*	*4*	*4*	*4*
thereof patients likely to receive hormone therapy	124,628	129,731	135,003	140,609	146,719	152,918	
of total newly diagnosed patients (%)	*41*	*41*	*41*	*41*	*41*	*41*	
time to hormone refraction (months)	32	34	34	34	34	34	
Patients receiving hormone therapy/combined androgen blockade, annualised	148,275	164,786	182,393	201,220	209,667	218,572	
growth yoy (%)	*12*	*11*	*11*	*10*	*4*	*4*	*8*
Total number of HRPC patients eligible for chemotherapy	66,614	67,626	69,002	69,388	81,252	87,423	
growth yoy (%)	*2*	*2*	*2*	*1*	*17*	*8*	*6*
of total prostate cancer population (%)	*5*	*5*	*5*	*5*	*5*	*6*	
Progression-free survival (PFS) (months)	6.3	6.3	6.5	6.5	6.5	6.5	
Patients eligible for first-line therapy, annualised	34,972	35,504	37,376	37,585	44,011	47,354	
growth yoy (%)	*2*	*2*	*5*	*1*	*17*	*8*	*6*
PFS on second-line therapy (months)	3.2	3.7	4.2	4.7	5.2	5.7	
HRPC patients eligible for second-line treatment, annualised	16,681	19,544	22,603	25,373	33,130	39,150	
growth yoy (%)	*2*	*17*	*16*	*12*	*31*	*18*	*19*
Europe							
Total newly diagnosed prostate cancer patients	219,766	229,210	238,999	249,379	260,462	272,047	
growth yoy (%)	*4.3*	*4.3*	*4.3*	*4.3*	*4.4*	*4.4*	*4*
thereof patients likely to receive hormone therapy	90,104	93,976	97,989	102,245	106,789	111,539	
of total newly diagnosed patients (%)	*41*	*41*	*41*	*41*	*41*	*41*	
time to hormone refraction (months)	32	34	34	34	34	34	
Patients receiving hormone therapy/combined androgen blockade, annualised	142,814	158,929	176,107	194,448	202,668	212,473	
growth yoy (%)	*34.1*	*11.3*	*10.8*	*10.4*	*4.2*	*4.8*	*8*
Total number of HRPC patients eligible for chemotherapy	58,394	59,438	60,745	61,163	71,723	76,135	
growth yoy (%)	*25.2*	*1.8*	*2.2*	*0.7*	*17.3*	*6.2*	*5*
of total prostate cancer population (%)	*8.8*	*8.5*	*8.2*	*7.8*	*8.6*	*8.8*	
Progression-free survival (PFS) (months)	6.3	6.3	6.5	6.5	6.5	6.5	
Patients eligible for first-line therapy, annualised	30,660	31,208	32,907	33,133	38,853	43,737	
growth yoy (%)	*25.2*	*1.8*	*5.4*	*0.7*	*17.3*	*12.6*	*7*
PFS on second-line therapy (months)	3.2	3.7	4.2	4.7	5.2	5.7	
HRPC patients on second-line treatment, annualised	12,770	15,020	17,428	19,644	25,499	30,325	
growth yoy (%)	*2.7*	*17.6*	*16.0*	*12.7*	*29.8*	*18.9*	*19*
Japan							
Total newly diagnosed prostate cancer patients	20,907	21,718	22,529	23,339	24,150	24,961	
growth yoy (%)	*4*	*4*	*4*	*4*	*3*	*3*	*4*
thereof patients likely to receive hormone therapy	18,816	19,546	20,276	21,005	21,735	22,465	
of total newly diagnosed patients (%)	*90*	*90*	*90*	*90*	*90*	*90*	
time to hormone refraction (months)	32	34	34	34	34	34	
Patients receiving hormone therapy/combined androgen blockade, annualised	23,716	26,336	29,092	31,983	33,132	34,280	
growth yoy (%)	*12*	*11*	*10*	*10*	*4*	*3*	*8*
Total number of HRPC patients eligible for chemotherapy	10,500	10,717	10,945	11,001	12,872	13,716	
growth yoy (%)	*3*	*2*	*2*	*1*	*17*	*7*	
of total prostate cancer population (%)	*20*	*19*	*18*	*18*	*20*	*21*	
Progression-free survival (PFS) (months)	6.3	6.3	6.5	6.5	6.5	6.5	
Patients eligible for first-line therapy, annualised	5,513	5,627	5,928	5,959	6,972	8,572	
growth yoy (%)	*3*	*2*	*5*	*1*	*17*	*23*	*9*
PFS on second-line therapy (months)	3.2	3.7	4.2	4.7	5.2	5.7	
HRPC patients on second-line treatment, annualised	2,800	3,304	3,831	4,309	5,578	7,086	
growth yoy (%)	*3*	*18*	*16*	*12*	*29*	*27*	*20*

Source WestLB Research estimates

Second-line HRPC well worth the effort

By 2011 a $1.7bn market in our view

In terms of pricing, we have primarily focused on annualised treatment costs of Taxotere, the only chemotherapeutic agent other than satraplatin to show an effect on survival in HRPC. Based on average treatment costs of around $2,000/treatment in the US and an estimated nine treatments/year, we estimate annualised treatment costs/patient/year were around $18,000 ex-factory in 2005. Given satraplatin's improved administration route and that it would represent the only second-line treatment option, we have estimated that satraplatin will carry a 20% premium to Taxotere in the US ($21,600). We have estimated that satraplatin pricing in Europe would be at a 10% discount on ex-factory prices compared to the US. In Japan, we take a more conservative stance and assume pricing of around $15,500 ex-factory/patient/year, a 20% discount compared to Europe. Taking our calculations for eligible patient numbers and pricing into account, we estimate that the whole second-line HRPC market has a market value of around $1.4bn in 2010 and around $1.7bn by 2011 (CAGR 06-11E of 21%). This compares with our earlier market estimate of around $1.1bn in 2010.

Second-line HRPC market

$m	2006E	2007E	2008E	2009E	2010E	2011E	CAGR 06-11E
North America							
HRPC patients, second-line, annualised	16,681	19,544	22,603	25,373	33,130	39,150	
Annualised costs/patient/year ($)	21,879	22,316	22,763	23,218	23,682	24,156	
growth yoy (%)	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	
HRPC market value, second-line	365.0	436.1	514.5	589.1	784.6	945.7	
Europe							
HRPC patients, second-line, annualised	12,770	15,020	17,428	19,644	25,499	30,325	
Annualised costs/patient/year ($)	19,691	20,085	20,486	20,896	21,314	21,740	
growth yoy (%)	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	
HRPC market value, second-line	251.5	301.7	357.0	410.5	543.5	659.3	
Japan							
HRPC patients, second-line, annualised	2,800	3,304	3,831	4,309	5,578	5,578	
Annualised costs/patient/year ($)	15,655	15,812	15,970	16,129	16,291	16,454	
growth yoy (%)	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	
HRPC market value, second-line	43.8	52.2	61.2	69.5	90.9	91.8	
Worldwide							
HRPC market value, second-line	660.3	790.1	932.7	1,069.1	1,418.9	1,696.8	
growth yoy (%)	*4.3*	*19.7*	*18.1*	*14.6*	*32.7*	*19.6*	*20.8*

Source WestLB Research estimates

$877m peak sales in second-line HRPC alone

45% penetration of the second-line market creates a $877m opportunity by 2012

Given that satraplatin would be the first approved treatment option for second-line HRPC and that, to our knowledge, there is no drug in late-stage development for second-line HRPC, we calculate a 45% market penetration at peak in relevant regions. Using our market model for second-line HRPC and potential market launches for satraplatin in H2 2007 in the US, mid 2008 in Europe and mid-2009 in Japan, we arrive at potential peak sales for satraplatin of around $877m in second-line HRPC in 2012.

Satraplatin sales model second-line HRPC

$m	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Second-line HRPC										
North America										
Second-line HRPC market value	365.0	436.1	514.5	589.1	784.6	945.7	1048.1	1111.0	1155.5	1178.6
growth yoy (%)	*4.1*	*19.5*	*18.0*	*14.5*	*33.2*	*20.5*	*10.8*	*6.0*	*4.0*	*2.0*
Market share Satraplatin (%)	*0.0*	*3.0*	*15.0*	*35.0*	*40.0*	*45.0*	*45.0*	*40.0*	*35.0*	*30.0*
Sales Satraplatin	0.0	13.1	77.2	206.2	313.8	425.6	471.7	444.4	404.4	353.6
Europe										
Second-line HRPC market value	251.5	301.7	357.0	410.5	543.5	659.3	794.6	842.2	875.9	893.4
growth yoy (%)	*4.7*	*20.0*	*18.3*	*15.0*	*32.4*	*21.3*	*20.5*	*6.0*	*4.0*	*2.0*
Market share Satraplatin (%)	*0.0*	*0.0*	*3.0*	*15.0*	*35.0*	*45.0*	*45.0*	*40.0*	*35.0*	*30.0*
Sales Satraplatin	0.0	0.0	10.7	61.6	190.2	296.7	357.6	336.9	306.6	268.0
Japan										
Second-line HRPC market value	43.8	52.2	61.2	69.5	90.9	99.0	106.0	111.3	115.2	117.5
growth yoy (%)	*3.7*	*19.2*	*17.1*	*13.6*	*30.7*	*9.0*	*7.0*	*5.0*	*3.5*	*2.0*
Market share Satraplatin (%)	*0.0*	*0.0*	*0.0*	*3.0*	*15.0*	*35.0*	*45.0*	*45.0*	*40.0*	*35.0*
Sales Satraplatin	0.0	0.0	0.0	2.1	13.6	34.7	47.7	50.1	46.1	41.1
Global sales satraplatin, second-line HRPC	0.0	13.1	87.9	269.8	517.7	756.9	876.9	831.4	757.1	662.7
growth yoy (%)			*571.7*	*207.0*	*91.8*	*46.2*	*15.9*	*-5.2*	*-8.9*	*-12.5*

Source WestLB Research estimates

A $450m opportunity in first-line HRPC

Oral administration route and benign side-effect profile in favour of satraplatin

As we have described in our description of the HRPC market, we calculate that only around 50% of newly diagnosed HRPC patients get chemotherapy, with Taxotere having an estimated 65% market share. Whereas the lack of different treatment options might also contribute to the limited penetration of chemotherapy for prostate cancer patients who have become resistant to hormone therapy, we believe this is also due to the status of the patients. Prostate cancer is a disease of the elderly and many patients will have already reached a certain age when they become refractory to hormone therapy. Therefore, we estimate that the health status of many patients does not allow them to take Taxotere, or any other currently used chemotherapy, due to the side-effect profile and the fact that these drugs have to be given as intravenous injections.

Satraplatin expanding market penetration to 70%

In these patients, we estimate that satraplatin will represent a treatment alternative, given its benign side-effect profile and its oral application route. Although satraplatin will only be approved in the second-line HRPC setting, considering these points, we believe it will also be used in first-line HRPC. In our model, satraplatin takes a 20% market share of the first-line HRPC market at peak, effectively expanding the market penetration of chemotherapy in this setting from 50% to 70%.

$450m in first-line setting was not previously in our model

As is the case for second-line HRPC, we have only factored North America, Europe and Japan into our model. We calculate a peak market share for satraplatin in North America by 2012, in Europe by 2013 and Japan by 2014. Taking into account our assumed pricing scenario and our market penetration assumptions (equating to around 8,900 patients, annualised, treated at peak both in North America and Europe, and around 2,700 in Japan), we arrive at an overall peak sales potential for satraplatin in first-line HRPC of around $450m. We have not previously included first-line HRPC in our model, but given the current treatment situation in first-line HRPC and the PFS data from the SPARC trial, we now feel comfortable in doing so.

Satraplatin sales model first-line HRPC

$m	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
First-line HRPC										
North America										
HRPC patients, annualised	32,443	32,971	34,744	34,971	40,995	43,855	44,185	44,626	45,073	45,523
growth yoy (%)	*2.5*	*1.6*	*5.4*	*0.7*	*17.2*	*7.0*	*0.8*	*1.0*	*1.0*	*1.0*
Market penetration currently available chemotherapies (%)	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*
Market penetration including satraplatin (%)	*50.0*	*51.0*	*54.0*	*57.0*	*63.0*	*67.0*	*70.0*	*70.0*	*68.0*	*66.0*
Patients treated with satraplatin, first-line HRPC	0	330	1,390	2,448	5,329	7,455	8,837	8,925	8,113	7,284
Annualised costs/patient/year ($)	21,879	22,316	22,763	23,218	23,682	24,156	24,639	25,132	25,635	26,147
growth yoy (%)	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*
Sales satraplatin	0.0	7.4	31.6	56.8	126.2	180.1	217.7	224.3	208.0	190.4
Europe										
HRPC patients, annualised	25,147	25,582	26,978	27,174	31,880	35,165	38,924	42,038	44,561	46,343
growth yoy (%)	*2.7*	*1.7*	*5.5*	*0.7*	*17.3*	*10.3*	*10.7*	*8.0*	*6.0*	*4.0*
Market penetration currently available chemotherapies (%)	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*50*
Market penetration including satraplatin (%)	*50*	*50*	*51*	*54*	*57*	*63*	*67*	*70*	*70*	*68*
Patients treated with satraplatin, first-line HRPC	0	0	270	1,087	2,232	4,571	6,617	8,408	8,912	8,342
Annualised costs/patient/year ($)	19,691	20,085	20,486	20,896	21,314	21,740	22,175	22,397	22,621	22,847
growth yoy (%)	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*1.0*	*1.0*	*1.0*
Sales satraplatin	0.0	0.0	5.5	22.7	47.6	99.4	146.7	188.3	201.6	190.6
Japan										
HRPC patients, annualised	5,513	5,627	5,928	5,959	6,972	8,572	10,131	11,549	12,704	13,466
growth yoy (%)	*2.7*	*2.1*	*5.4*	*0.5*	*17.0*	*22.9*	*18.2*	*14.0*	*10.0*	*6.0*
Market penetration currently available chemotherapies (%)	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*	*50.0*
Market penetration including satraplatin (%)	*50.0*	*50.0*	*50.0*	*51.0*	*54.0*	*57.0*	*63.0*	*67.0*	*70.0*	*70.0*
Patients treated with satraplatin, first-line HRPC	0	0	0	60	279	600	1,317	1,963	2,541	2,693
Annualised costs/patient/year ($)	15,655	15,812	15,970	16,129	16,291	16,454	16,618	16,784	16,952	17,122
growth yoy (%)	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*
Sales satraplatin	0.0	0.0	0.0	1.0	4.5	9.9	21.9	33.0	43.1	46.1
Global sales satraplatin, first-line HRPC	0.0	7.4	37.2	80.5	178.3	289.3	386.4	445.6	452.6	427.1
growth yoy (%)			*405.1*	*116.7*	*121.5*	*62.3*	*33.5*	*15.3*	*1.6*	*-5.6*

Source WestLB Research estimates

Financials

P&L

Our P&L forecast is based on the launch of satraplatin in the US in 2007, in Europe in 2008 and in Japan in 2009. We have factored into our model: metrics for the Pharmion deal; a potential out-licensing deal for Japan (only royalties); and our assumptions regarding obligations to Spectrum Pharmaceuticals. We projected that GPC Biotech would reach break-even in 2011 before, but we now forecast that it will become profitable in 2009, based on our new model for satraplatin.

Taxes

We forecast that GPC Biotech will become profitable from 2009 onwards and will start to pay taxes from 2010 onwards. We estimate a corporate tax rate of 39%, but we only start to apply it from 2015 onwards. Until then we have used a 15% tax rate in our model.

Cash flow

We forecast that GPC Biotech still had cash of around €94m at the end of FY 2006. Based on our forecast for satraplatin, we estimate the company's cash resources will last until 2008. This is based on our estimated potential launch costs for satraplatin in North America of around €50m, which appear in the S&M as well as G&A line. Note that we have not included further potential milestone payments from Pharmion, apart from the additional $22.2m in committed R&D funding, nor additional payments to be made to Spectrum Pharmaceuticals, which could amount to $18m, apart from the €4.8m provision already made in the Q3 2006 accounts. Furthermore, we have not included any upfront or milestone payments from a potential deal in Japan in our model.

Balance sheet

Looking at the balance sheet, it is notable that our shareholders' equity estimate becomes negative in 2008. This is the year in which the company could become cash negative according to our estimates (which, however, do not include further milestone payments from Pharmion and no milestone payments from a potential deal to be signed in Japan (see above)). Regarding inventory, receivables and creditors days, we targeted 160 inventory days, 51 receivables days and 54 creditors days, respectively.

Deals

For North America, we have not included a partnering deal in our model as we believe that GPC Biotech will market satraplatin on its own in this region. For Europe and certain other regions, GPC Biotech entered into a partnering deal with Pharmion in December 2005, which could result in potential upfront milestone payments of around $270m for GPC Biotech and a royalty rate of between 26% and 34%. For Japan, we assumed a partnering deal with a similar royalty structure to the Pharmion deal, but have not included any potential upfront or milestone payments in our model.

Profit & loss (€m)

€m	2005A	2006E	2007E	2008E	2009E	2010E	2011E
Collaborative revenues	9.3	23.1	0.0	0.0	0.0	0.0	0.0
Sales satraplatin	0.0	0.0	28.2	84.0	190.8	310.3	419.3
Royalties + product supply	0.0	0.0	4.1	22.4	66.9	122.5	169.5
Other	0.0	0.3	0.3	0.3	0.3	0.3	0.3
Total revenues	9.3	23.3	32.5	106.7	257.9	433.1	589.1
growth yoy (%)		*149.8*	*39.4*	*228.0*	*141.8*	*67.9*	*36.0*
COGS	0.0	0.0	1.4	8.8	24.8	49.3	74.0
Gross profit	9.3	23.3	31.1	97.8	233.1	383.9	515.0
R&D expenses	55.7	64.6	55.0	60.5	66.6	73.2	80.5
Sales and marketing expenses	0.0	0.0	20.0	46.0	57.5	69.0	82.8
General and administrative expenses	20.6	20.6	24.7	29.6	35.0	41.3	48.7
Royalties payable to third parties	0.0	0.0	0.0	1.8	9.4	27.6	47.6
Other	1.1	0.3	0.3	0.3	0.3	0.3	0.3
EBITDA	-64.1	-58.2	-64.5	-35.6	69.6	178.0	261.1
growth yoy (%)						155.9	46.7
EBIT	-68.0	-62.2	-68.9	-40.3	64.4	172.4	255.1
growth yoy (%)						*167.8*	*47.9*
Financial income	5.8	1.8	1.1	0.6	0.0	0.0	0.0
Pre-tax profit	-62.2	-60.4	-67.8	-39.7	64.4	172.4	255.1
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax rate (%)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Net income	-62.2	-60.4	-67.8	-39.7	64.4	172.4	255.1
growth yoy (%)						167.8	47.9
Diluted no of shares	29.9	32.7	33.2	33.3	33.6	33.9	34.2
EPS, diluted (€)	-2.08	-1.85	-2.04	-1.19	1.91	5.08	7.45
growth yoy (%)						*165.5*	*46.6*
Gross margin (%)	*100.0*	*100.0*	*95.6*	*91.7*	*90.4*	*88.6*	*87.4*
EBITDA margin (%)					*27.0*	*41.1*	*44.3*
EBIT margin (%)					*25.0*	*39.8*	*43.3*
Net margin (%)					*25.0*	*39.8*	*43.3*

Source Company, WestLB Research estimates

Cash flow (€m)

€m	2005A	2006E	2007E	2008E	2009E	2010E	2011E
Net income	-62.2	-60.4	-67.8	-39.7	64.4	157.4	240.1
Depreciation and amortization	3.9	4.0	4.4	4.8	5.2	5.6	6.0
Increase/decrease in operating assets	-30.2	30.8	-3.5	-7.0	-13.1	-13.0	-8.5
Increase/decrease in liabilities	34.4	-17.2	-13.0	14.2	-3.7	-1.7	-3.7
Others	11.4	7.0	7.3	7.7	8.1	8.5	8.9
Cash flow from operations	-42.8	-35.8	-72.6	-20.0	60.9	156.9	242.8
Capex operations	-4.4	-3.5	-3.7	-3.8	-4.0	-4.1	-6.0
Others	4.4	25.0	25.0	13.1	0.0	0.0	0.0
Cash flow from investing	0.0	21.5	21.3	9.3	-4.0	-4.1	-6.0
Cash flow from financing	11.5	39.4	1.1	1.1	1.1	1.1	1.1
Effect of exchange rate changes	1.4	0.0	0.0	0.0	0.0	0.0	0.0
Depositary liquid funds	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in liquid funds	-28.9	25.1	-50.2	-9.5	57.9	153.8	237.9
Cash 1st of January	59.4	30.5	55.7	5.5	-4.1	53.9	207.7
Cash 31st of December	30.5	55.7	5.5	-4.1	53.9	207.7	445.6

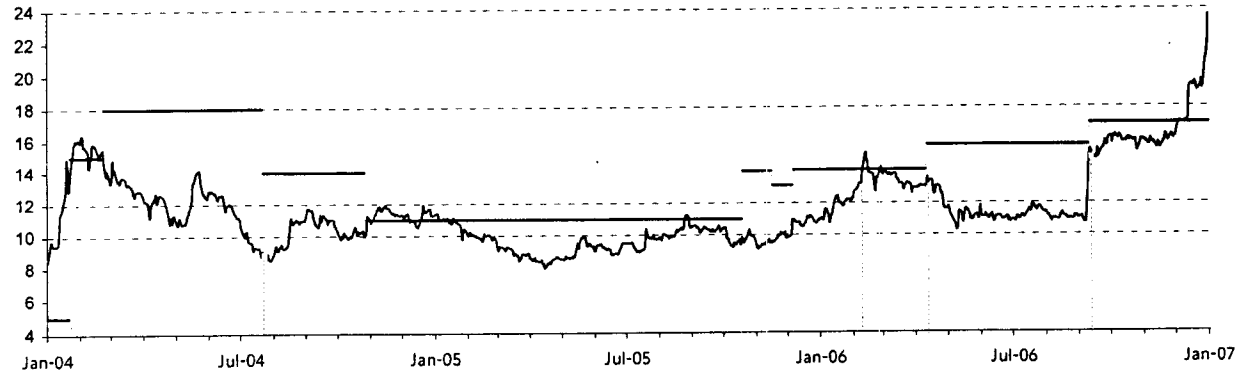
Source Company, WestLB Research estimates

Balance sheet (€m)

€m	2005E	2006E	2007E	2008E	2009E	2010E	2011E
Cash and cash equivalents	30.6	55.7	5.5	-4.1	53.9	207.7	445.6
Marketable securities	63.1	38.1	13.1	0.0	0.0	0.0	0.0
Other	38.0	7.2	10.7	17.7	30.8	43.8	52.3
Current assets	131.6	100.9	29.2	13.5	84.6	251.4	497.8
Property, plant and equipment	4.1	3.8	3.3	2.5	1.5	0.2	0.2
Intangible assets	1.1	0.9	0.7	0.5	0.3	0.1	0.1
Other	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Long-term assets	7.6	7.1	6.4	5.5	4.3	2.8	2.8
Total assets	139.3	108.0	35.6	19.0	88.8	254.2	500.6
Current liabilities	38.2	34.0	21.0	35.2	31.6	29.9	26.2
Long-term liabilities	17.5	2.3	2.3	2.3	2.3	2.3	2.3
Common shares	30.2	33.0	33.1	33.2	33.3	33.4	33.5
Additional paid-in capital	284.9	321.5	322.5	323.6	324.6	325.6	326.6
Accumulated loss/earnings	-229.5	-289.8	-357.7	-397.4	-333.0	-175.5	64.6
Other	-2.1	7.0	14.3	22.0	30.0	38.5	47.4
Shareholders' equity	83.5	71.7	12.3	-18.6	54.9	222.0	472.1
Total liabilities and shareholder equity	139.3	108.0	35.6	19.0	88.8	254.2	500.6

Source Company, WestLB Research estimates

GPC Biotech GPCG.DE



Date	Price	Changed to...	Date	Price	Changed to...	Date	Price	Changed to...
26-Sep-06	15.40	Add	23-Feb-06	13.06	Hold	06-Feb-04	13.75	Add
26-Apr-06	13.58	Buy	06-Aug-04	8.93	Buy			

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Source FactSet/JCF, WestLB Research

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